

AMENDED IN SENATE APRIL 12, 2005

AMENDED IN SENATE APRIL 4, 2005

SENATE BILL

No. 601

Introduced by Senator Soto

February 18, 2005

An act to add Chapter 13.1 (commencing with Section 8890) to Division 1 of Title 2 of the Government Code, relating to transportation by providing the funds necessary therefor through the issuance and sale of bonds of the State of California and by providing for the handling and disposition of those funds.

LEGISLATIVE COUNSEL'S DIGEST

SB 601, as amended, Soto. Build California Bond Act of 2006.

Existing law, the Traffic Congestion Relief Act of 2000, creates the Traffic Congestion Relief Fund and continuously appropriates its revenue to the Department of Transportation for projects to relieve traffic congestion and to provide additional funding for local street and road deferred maintenance.

This bill would enact the Build California Bond Act of 2006 to authorize \$3 billion in state general obligation bonds for specified projects, including construction of highway and public transportation projects that are significant for the state, reduce congestion, provide for safety and facilitate the movement of goods into, through, and out of state.

The bill would require the Secretary of State to submit the proposed bond measure to the voters at the next statewide election.

Vote: $\frac{2}{3}$. Appropriation: no. Fiscal committee: yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. The Legislature finds and declares all of the
2 following:

3 (a) Our state's highways, public transportation systems, and
4 rail systems drive our economy, enabling all industries to achieve
5 growth and productivity that makes California strong and
6 prosperous.

7 (b) The establishment, maintenance, and improvement of the
8 state's transportation network is a priority; for economic,
9 environmental, energy, security, and other reasons.

10 (c) The ability to move people and goods is critical to
11 maintaining state, metropolitan, rural, and local economies.

12 (d) The construction of infrastructure requires the skills of
13 numerous occupations, including those in the contracting,
14 engineering, planning and design, materials supply,
15 manufacturing, distribution, and safety industries.

16 (e) Investing in transportation infrastructure creates long-term
17 capital assets for the nation that will help California address its
18 enormous infrastructure needs and improve its economic
19 productivity.

20 (f) Investment in transportation infrastructure creates jobs and
21 spurs economic activity to put people back to work and stimulate
22 the economy.

23 (g) Every \$1 billion in transportation investment has the
24 potential to create up to 47,500 jobs.

25 (h) Every dollar invested in the nation's transportation
26 infrastructure yields at least five dollars and seventy cents
27 (\$5.70) in economic benefits because of reduced delays,
28 improved safety, and reduced vehicle operating costs.

29 (i) The proposed increases to the Transportation Equity Act
30 for the 21st Century (TEA-21) will not be sufficient to
31 compensate for the state's transportation infrastructure deficit.

32 (j) The purpose of this act is to provide financing for
33 long-term infrastructure capital investments that are not currently
34 being met by existing transportation and infrastructure
35 investment programs, including projects of state significance,
36 multistate transportation corridors, intermodal transportation
37 facilities, and transportation and security improvements to
38 highways, public transportation systems, and rail systems.

SEC. 2. Chapter 13.1 (commencing with Section 8890) is added to Division 1 of Title 2 of the Government Code, to read:

CHAPTER 13.1. BUILD CALIFORNIA BOND ACT OF 2006

Article 1. General Provisions

8890. This chapter shall be known, and may be cited, as the Build California Bond Act of 2006.

Article 2. Build California Bond Finance Program

8890.10. (a) The proceeds of bonds issued and sold pursuant to this chapter shall be deposited in the Build California 2006 Construction Bond Fund, which is hereby established in the State Treasury. Unless otherwise specified, the money in the fund shall be available for appropriation by the Legislature; in the manner set forth in this chapter.

(b) Moneys in the fund shall be used for qualified projects, projects of regional and national significance, and for the design and construction of highway and public transportation projects that are significant for the state, reduce congestion, provide for safety, and facilitate the movement of goods into, through, and out of the state.

8890.11. For purposes of this chapter, the following definitions shall apply:

(a) "Qualified project" means any highway project approved by the California Transportation Commission that is:

(1) A project of regional or national significance that enhances the movement of goods or services, *including, but not limited to, truck lanes and railroad highway grade separations.*

(2) A multistate corridor program.

(3) Border planning, operations, technology, and capacity improvement program.

(4) A freight intermodal connector project.

(b) "Projects of regional and national significance" means the eligible costs of any surface transportation project which is eligible for federal assistance under Title 23 of the United States Code, including any freight rail project and activity eligible under that title.

(c) “Eligible activities” means:

(1) Highway and multimodal planning or environmental studies.

(2) Cross-border port of entry and safety inspections improvements, including operational enhancements and technology applications.

(3) Technology and information exchange activities.

(4) Right-of-way acquisition, design, and construction, as needed to implement the enhancements to decrease air pollution emissions from vehicles or inspection facilities at border crossings, or to increase highway capacity at or near international borders.

Article 3. Fiscal Provisions

8890.15. ~~(a)~~ Bonds in the total amount of \$3 billion, or so much thereof as is necessary, not including the amount of any refunding bonds, or so much thereof as is necessary, may be issued and sold to provide funds to be used for carrying out the purposes expressed in this chapter and to be used to reimburse the General Obligation Bond Expense Revolving Fund pursuant to Section 16724.5 of the Government Code. The bonds, when sold, shall be and constitute a valid and binding obligation of the State of California, and the full faith and credit of the State of California is hereby pledged for the punctual payment of both principal of, and interest on, the bonds as the principal and interest become due and payable.

8890.16. The bonds authorized by this chapter shall be prepared, executed, issued, sold, paid, and redeemed as provided in the State General Obligation Bond Law (Chapter 4 (commencing with Section 16720) of Part 3 of Division 4 of Title 2 of the Government Code) and all of the provisions of that law apply to the bonds and to this chapter and are hereby incorporated in this chapter as though set forth in full in this chapter.

8890.17. (a) For the purposes of authorizing the issuance of a sale pursuant to the State General Obligation Bond Law of the bonds authorized by this chapter, the Build California Bond 2006 Finance Committee is hereby established. The committee shall consist of the Chair of the California Infrastructure and

1 Economic Development Bank (I-Bank), the Treasurer, the
2 Controller, two members appointed by the Legislature (one-
3 Senate, one- Assembly), three private industry members
4 *appointed* by the Governor~~and~~, a member of the California
5 Transportation Commission, *and two members from the*
6 *California Association of Governments, one of whom represents*
7 *the regional transportation authorities and the other of whom*
8 *represents the metropolitan planning organizations.*

9 (b) The committee shall determine whether or not it is
10 necessary or desirable to issue bonds authorized pursuant to this
11 chapter in order to carry out the program prescribed and, if so,
12 the amount of bonds to be issued and sold. Successive issues of
13 bonds may be authorized and sold to carry out those actions
14 progressively, and it is not necessary that all of the bonds
15 authorized to be issued be sold at any one time.

16 8890.18. There shall be collected each year and in the same
17 manner and at the same time as other state revenue is collected,
18 in addition to the ordinary revenues of the state, a sum in an
19 amount required to pay the principal of, and interest on, the
20 bonds each year. It is the duty of all officers charged by law with
21 any duty in regard to the collection of the revenue to do and
22 perform each and every act that is necessary to collect that
23 additional sum.

24 8890.19. Notwithstanding Section 13340 of the Government
25 Code, there is hereby appropriated from the General Fund in the
26 State Treasury, for the purposes of this chapter, an amount that
27 will equal the total of the following:

28 (a) The sum annually necessary to pay the principal of, and
29 interest on, bonds issued and sold pursuant to this chapter, as the
30 principal and interest become due and payable.

31 (b) The sum necessary to carry out Section 129636, which
32 sum shall be appropriated without regard to fiscal years.

33 8890.20. For purposes of carrying out this chapter, the
34 Director of Finance may authorize the withdrawal from the
35 General Fund of an amount not to exceed the amount of the
36 unsold bonds that have been authorized by the committee to be
37 sold for the purpose of carrying out this chapter. Any amounts
38 withdrawn shall be deposited in the fund. Any money made
39 available under this section shall be returned to the General Fund

1 from proceeds received from the sale of bonds for the purpose of
2 carrying out this chapter.

3 8890.21. All money deposited in the fund that is derived from
4 premium and accrued interest on bonds sold shall be reserved in
5 the fund and shall be available for transfer to the General Fund as
6 a credit to expenditures for bond interest.

7 8890.22. Pursuant to Chapter 4 (commencing with Section
8 16720) of Part 3 of Division 4 of Title 2 of the Government
9 Code, the cost of bond issuance shall be paid out of the bond
10 proceeds. These costs shall be shared proportionately by each
11 program funded through this bond act.

12 8890.23. The committee may request the Pooled Money
13 Investment Board to make a loan from the Pooled Money
14 Investment Account, including other forms of interim financing
15 that include, but are not limited to, commercial paper, in
16 accordance with Section 16312 of the Government Code, for the
17 purposes of carrying out this chapter. The amount of the request
18 shall not exceed the amount of the unsold bonds that the
19 committee, by resolution, has authorized to be sold for the
20 purpose of carrying out this chapter. The committee shall execute
21 any documents required by the Pooled Money Investment Board
22 to obtain and repay the loan. Any amounts loaned shall be
23 deposited in the fund to be allocated by the office in accordance
24 with this chapter.

25 8890.24. The bonds may be refunded in accordance with
26 Article 6 (commencing with Section 16780) of Chapter 4 of Part
27 3 of Division 4 of Title 2 of the Government Code, which is part
28 of the State General Obligation Bond Law. Approval by the
29 voters of the state for the issuance of the bonds described in this
30 chapter includes the approval of the issuance of any bonds issued
31 to refund any bonds originally issued under this chapter or any
32 previously issued refunding bonds.

33 8890.25. Notwithstanding any other provision of this chapter
34 or of the State General Obligation Bond Law, if the Treasurer
35 sells bonds pursuant to this chapter that include a bond counsel
36 opinion to the effect that the interest on the bonds is excluded
37 from gross income for federal tax purposes, subject to designated
38 conditions, the Treasurer may maintain separate accounts for the
39 investment of bond proceeds and for the investment of earnings
40 on those proceeds. The Treasurer may use or direct the use of the

proceeds or earnings to pay any rebate, penalty, or other payment required under federal law or take any other action with respect to the investment and use of those bond proceeds required or desirable under federal law to maintain the tax-exempt status of those bonds and to obtain any other advantage under federal law on behalf of the funds of this state.

8890.26. The Legislature hereby finds and declares that, inasmuch as the proceeds from the sale of bonds authorized by this chapter are not “proceeds of taxes” as that term is used in Article XIII B of the California Constitution, the disbursement of these proceeds is not subject to the limitations imposed by that article.

SEC. 3. Section 2 of this act shall take effect upon the approval by the voters of the Build California Bond Act of 2006.

SEC. 4. This act shall be submitted to the voters at the next statewide election in accordance with the provisions of the Government Code and the Elections Code governing the submission of a statewide measure to the voters.

SEC. 5. (a) Notwithstanding any other provision of law, all ballots of the election shall have printed thereon and in a square thereof, the words: “Build California Bond Act of 2006,” and in the same square under those words, the following in 8-point type: “This act provides for a bond issue of \$3 billion to provide funds ~~for construction, retrofit, and replacement of hospital facilities.~~” *for construction of transportation projects to enhance the movement of goods and to reduce traffic congestion.*” Opposite the square, there shall be left spaces in which voters may place a cross in the manner required by law to indicate whether they vote for or against the act.

(b) Where voting in the election is done by means of voting machines used pursuant to law in a manner that carries out the intent of this section, the use of the voting machines and the expression of the voters’ choice by means thereof are in compliance with this act.